Supreme Court, U.S.
FILED

No. 03-563

OCT 9 2003

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IN THE

# Supreme Court of the United States

ALAN WANER,

*Petitioner,*

*v.*

FORD MOTOR COMPANY,

*Respondent.*

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

## PETITION FOR A WRIT OF CERTIORARI

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## QUESTIONS PRESENTED

1. When all federal and state courts follow a standard of review in cases involving "mixed questions" of law and fact under which ultimate questions of law are reviewed *de novo* and questions of fact are reviewed for clear error, and when Rule 52(a) of the Federal Rules of Civil Procedure compels appellate deference to factual findings by the District Court, is the Federal Circuit exceeding its authority in reviewing all aspects of patent claim construction *de novo*, even on matters that involve questions of fact, such as the meaning of technical terms of art that cannot be interpreted correctly without extrinsic evidence such as expert testimony and other evidence bearing on how a person skilled in the relevant art would construe the term as is required by 35 U.S.C. § 112?

2. Was Waner deprived of his right to a jury trial guaranteed by the Seventh Amendment as well as the Fifth Amendment to the United States Constitution when the Federal Circuit construed the patent claims differently than the District Court, but failed to remand for a jury trial on infringement, thus depriving Waner of the opportunity to present evidence of infringement based on the Federal Circuit's claim construction?

3. Was Waner deprived of due process as guaranteed by the Fifth Amendment when the Federal Circuit refused to allow his state law claim of unjust enrichment to proceed, consistent with its holding in *The University of Colorado Foundation, Inc. v. American Cyanamid Co.*, 163 F.3d 1366 (Fed. Cir. 1999) and applicable state law?

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Alan Waner hereby respectfully petitions for a writ of certiorari to review the decision of the United States Court of Appeals for the Federal Circuit in this case.

## OPINION BELOW

The Federal Circuit's decision affirming-in-part and reversing-in-part (Appendix to Petition ("App.") 1a-20a) is reported at 331 F.3d 851. The District Court opinion relating to the issues presented and reviewed by the Federal Circuit (App. 21a-41a) are unreported.

## STATEMENT OF JURISDICTION

The Federal Circuit entered its opinion and judgment on June 4, 2003. (App. 1a) and the Federal Circuit denied Waner's combined petition for rehearing or hearing en banc on July 11, 2003. (App. 42a-43a). This Court has jurisdiction under 28 U.S.C. § 1254(1).

## CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

This petition for a writ of certiorari raises issues regarding the Due Process Clause of the Fifth Amendment to the United States Constitution, the Seventh Amendment to the United States Constitution, 35 U.S.C. § 112, as well as Rule 52(a) of the Federal Rules of Civil Procedure.

The Fifth Amendment to the United States Constitution (with the Due Process Clause italicized) states:

> No person shall be held to answer for a capital, or otherwise infamous crime, unless on a presentment or indictment of a Grand Jury, except

> in cases arising in the land or naval forces, or in the Militia, when in actual service in time of War or public danger; nor shall any person be subject for the same offence to be twice put in jeopardy of life or limb; nor shall be compelled in any criminal case to be a witness against himself, *nor be deprived of life, liberty, or property, without due process of law;* nor shall private property be taken for public use, without just compensation.

The Seventh Amendment to the United States Constitution states:

> In Suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved, and no fact tried by a jury, shall be otherwise reexamined in any Court of the United States, than according to the rules of the common law.

35 U.S.C. § 112 states:

> **35 U.S.C. § 112: Specification.**
>
> The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same, and shall set forth the best mode contemplated by the inventor of carrying out his invention.

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

A claim may be written in independent or, if the nature of the case admits, in dependent or multiple dependent form.

Subject to the following paragraph, a claim in dependent form shall contain a reference to a claim previously set forth and then specify a further limitation of the subject matter claimed. A claim in dependent form shall be construed to incorporate by reference all the limitations of the claim to which it refers.

A claim in multiple dependent form shall contain a reference, in the alternative only, to more than one claim previously set forth and then specify a further limitation of the subject matter claimed. A multiple dependent claim shall not serve as a basis for any other multiple dependent claim. A multiple dependent claim shall be construed to incorporate by reference all the limitations of the particular claim in relation to which it is being considered.

An element in a claim for a combination may be expressed as a means or step for performing a specified function without the recital of structure, material, or acts in support thereof, and such claim shall be construed to cover the corresponding structure, material, or acts described in the specification and equivalents thereof.

Rule 52(a) of the Federal Rules of Civil Procedure states:

**Rule 52. Findings by the Court; Judgment on Partial Findings**

**(a) Effect.** In all actions tried upon the facts without a jury or with an advisory jury, the court shall find the facts specially and state separately its conclusions of law thereon, and judgment shall be entered pursuant to Rule 58; and in granting or refusing interlocutory injunctions the court shall similarly set forth the findings of fact and conclusions of law which constitute the grounds of its action. Requests for findings are not necessary for purposes of review. Findings of fact, whether based on oral or documentary evidence, shall not be set aside unless clearly erroneous, and due regard shall be given to the opportunity of the trial court to judge of the credibility of the witnesses. The findings of a master, to the extent that the court adopts them, shall be considered as the findings of the court. It will be sufficient if the findings of fact and conclusions of law are stated orally and recorded in open court following the close of the evidence or appear in an opinion or memorandum of decision filed by the court. Findings of fact and conclusions of law are unnecessary on decisions of motions under Rule 12 or 56 or any other motion except as provided in subdivision (c) of this rule.

## STATEMENT OF THE CASE

### A. Technological Background

Alan Waner ("Waner") is the owner of United States Patent No. 5,613,710 relating to liners designed to protect the rear fenders of Ford F-350 duallies against star cracking. Waner came up with the liner idea when he was working as a hoof trimmer for dairy cattle. As a hoof trimmer, Waner traveled from farm to farm using Ford F-350 duallies. Over a period of twelve years, Waner owned four Ford F-350 duallies. Waner discovered about a week after purchasing each new Ford F-350, the rear fenders began experiencing star crack problems. The Federal Circuit accurately described star cracking: "When driving on dirt and gravel roads, dually tires can pick up rocks which strike the inner surface of the fenders. This can cause cracking in the paint on the outer surface of epoxy-fiberglass fenders. Such cracks are in the form of a star and are often called 'star cracks.'" (App. 2a).

Waner began looking for solutions to the star crack problem. He found that other than a few heavy coats of undercoating, at best a temporary fix, there was no method or device to prevent the star crack problem. Waner also discovered that the star crack problem was wide spread.

Since there was no solution to the star crack problem experienced by Ford F-350 duallies, Waner invented a simple, but ingenious liner that would protect the fender and would also mount using existing attach points on the fender as well as on the truck. Ford's infringing liner is adapted to attach using the same attach points as Waner's liner.

**B. Procedural History**

In June 1998, Waner brought a suit in the United States District Court for South Dakota against respondent Ford Motor Co. charging that Ford's liner for its F-350 dually infringes the '710 patent. Waner also brought a state law claim for unjust enrichment. The claims arose under 35 U.S.C. § 271 *et seq.* and were subject to federal jurisdiction under 28 U.S.C. §§ 1331 and 1338.

The District Court held a *Markman* hearing on August 3, 2000. (App. 21a). Of particular relevance to this Petition was the meaning of the word "flange" used in the patent claims. At the hearing, the Court heard testimony from expert witnesses. Dr. Alan McDonald[1] testified as an expert for Waner. (App. 31a). David Jeshurun, a Ford engineer, testified on behalf of Ford. In addition, the District Court took note of a technical dictionary definition of the word "flange." Following the hearing, the District Court issued its opinion construing claims 1 and 4 of the '710 patent on August 30, 2000. (App. 21a-41a). Specifically, with respect to the meaning of the word "flange," the District Court found "that the intrinsic evidence is insufficient to establish clear meaning of the asserted claim and will consider the extrinsic evidence presented." (App. 32a). Dr. McDonald testified as one with ordinary skill in the art that a "flange is the portion of a structure to either stiffen or attach it to another structure, not necessarily requiring angles." *Id.* The District Court agreed with Dr. McDonald's definition and found additional support in technical dictionaries. (App. 32a-33a).

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1. Dr. McDonald has a Ph.D in mechanical engineering and has taught mechanical engineering at Purdue University from 1967 through 1999. In addition, Dr. McDonald is a registered professional engineer.

Prior to the trial, the District Court dismissed Waner's claim for unjust enrichment on summary judgment holding that Waner failed to maintain his idea in secrecy.

The case was tried to a jury during July 2001. The jury, amongst others, was instructed on infringement under the doctrine of equivalents. (App. 44a-46a). The jury found Waner's patent to be valid and infringed. The jury also found damages amounting to approximately a 12% royalty. (App. 15a). Following the trial, the District Court found the case to be exceptional due to Ford's litigation misconduct under 35 U.S.C. § 285. (App. 13a).

Ford appealed to the Federal Circuit, which issued an opinion on June 4, 2003, reversing the jury's finding of infringement and affirming the District Court's summary judgment dismissal of Waner's unjust enrichment claim. (App. 1a-20a). Circuit Judge Newman filed a vigorous dissent wanting to affirm the jury's finding of infringement and reverse the District Court's dismissal of Waner's unjust enrichment claim. While admitting that extrinsic evidence is required to construe the word "flange," the Federal Circuit gave no deference to the District Court's factual findings regarding the technical meaning of the word "flange," and instead construed the word "flange" by relying on general dictionary definitions and drawing from them conclusions that are not supported by those skilled in the art. Having construed the word "flange" differently than the District Court, the Federal Circuit leaped to the unsupported conclusion that there was insufficient evidence presented at trial to support infringement with the newly defined word "flange." Thus the Federal Circuit did not remand this issue to the District Court for a new trial using the Federal Circuit's definition of the word "flange."

With respect to Waner's unjust enrichment claim, the Federal Circuit held that South Dakota law as set forth in *Daktronics v. McAfee*, 599 N.W.2d 358 (S.D. 1999) does not provide for this cause of action absent a trade secret theory.

## REASONS FOR GRANTING THE PETITION

In *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 372 (1996) ("*Markman II*"), this Court held that the construction of patent claims is exclusively within the province of judges and admits of no role for juries. But that decision involved the allocation of decision-making authority as between judge and jury under the Seventh Amendment. This case, by contrast, involves the review of a federal District Court decision following a fact hearing on claim construction and the allocation of decision-making authority as between the District Courts and the Federal Circuit. It is especially noteworthy that there is no dispute that intrinsic evidence was not sufficient to construe the word "flange" found in claims 1 and 4 of the '710 patent.

By this petition, Waner presents three issues that merit this Court's attention under Supreme Court Rules 10(a) and 10(c). First, the Court should grant certiorari to decide whether findings of fact foundational to the ultimate legal determination of patent claim meaning are entitled to deference under 35 U.S.C. § 112 and Rule 52(a) of the Federal Rules of Civil Procedure. In *Markman II*, this Court described claim construction as a "mongrel practice" that falls somewhere between a pure legal ruling and a finding of historical fact. 517 U.S. at 378. In *Cybor Corp. v. FAS Technologies, Inc.*, 138 F.3d 1448, 1456 (Fed. Cir. 1998) (en banc), a sharply divided Federal Circuit interpreted *Markman II* to allow *de novo* decision of all claim construction issues on appeal, including issues of fact. Courts throughout

this country, state and federal, follow a two-tiered approach to appellate review of "mixed questions" under which the ultimate legal question is reviewed *de novo*, while subsidiary questions of fact are reviewed for clear error. The rule in *Cybor* conflicts with this universally followed two-tiered standard. This Court has reversed the Federal Circuit before for failing to adhere to the dictates of Rule 52(a), *Dennison Mfg. Co. v. Panduit Corp.*, 475 U.S. 809 (1987), and it should do so again here.

Second, the Court should grant certiorari to decide whether the Federal Circuit denied Waner's right to a jury trial and Due Process guaranteed by the Seventh and Fifth Amendments to the United States Constitution when it failed to remand the case for trial using the Federal Circuit's claim construction, assuming *arguendo* that the Federal Circuit's claim construction is correct. It is undisputed that the Courts are vested with authority to direct a verdict when at the close of trial, no evidence supporting a claim is presented. However, this case is different. The evidence presented at trial is based on the District Court's claim construction. While the Federal Circuit disagrees with the District Court's claim construction, the Federal Circuit can not assume that the evidence presented at trial using the Federal Circuit's claim construction is the same as that using the District Court's. Therefore, when there is a different claim construction by the Federal Circuit, the case should be remanded for further proceedings, thereby allowing the losing party an opportunity to be heard. Having stated the constitutional basis for this writ, Waner respectfully submits that in this case, even using the Federal Circuit's claim construction, there was sufficient evidence to support infringement under the doctrine of equivalents.

Third, the Court should grant certiorari because the District Court and the Federal Circuit both misconstrued South Dakota

law as pronounced in *Daktronics v. McAfee*, 599 N.W.2d 358 (S.D. 1999). As Judge Newman explained in her dissent, South Dakota does allow claims of unjust enrichment as was brought by Waner. There is no dispute that Waner had sufficient facts to support a claim for unjust enrichment.

## I. Certiorari Should Be Granted To Address The *De Novo* Scope Of Review Announced In *Cybor*.

### A. The Scope Of Review Is An Extremely Important Issue In Patent Cases.

In *Markman II*, the Court held that "the construction of a patent, including terms of art within the claim, is exclusively within the province of the court." 517 U.S. at 372. The Court expressly declined to base its holding — that claim construction "is an issue for the judge, not the jury," *Id.* at 391 — on the rationale, relied on by the Federal Circuit, that claim construction does not require findings of fact. *Id.* at 384 n.10

> We need not decide either the extent to which the Seventh Amendment can be said to have crystallized a law/fact distinction, [citations], or whether post-1791 precedent classifying an issue as one of fact would trigger the protections of the Seventh Amendment if (unlike in this case) there were no more specific reason for the decision.

Although this Court did not decide whether claim construction sometimes involves questions of fact, it several times suggested that claim construction must sometimes include fact questions. For example, this Court described claim construction as a "mongrel practice" that can involve "construing a term of art following the receipt of evidence."

*Id.* at 378. This Court further suggested that claim construction "falls somewhere between a pristine legal standard and a simple historical fact." *Id.* at 388 (quoting *Miller v. Fenton*, 474 U.S. 104, 114 (1985)).[2]

For many years, this unresolved issue was the subject of a sharp split in Federal Circuit case law. There were two substantial lines of authority — one that held that claim construction may require resolution of underlying factual disputes, *see Markman v. Westview Instrs., Inc.*, 52 F.3d 967, 976- 77 (Fed. Cir. 1995) (*en banc*) ("*Markman I*") (citing cases), and a second line of authority that held that claim construction is strictly a matter of law reviewed without deference, *Id.* at 976, 977 (citing cases). The Federal Circuit sought to resolve the split in *Markman I*, adopting the line of precedent that viewed claim construction as strictly a matter of law reviewed de novo on appeal. *Id.* at 979.[3] Uncertainty resurfaced following this Court's decision in *Markman II*, which affirmed *Markman I* but did not address the applicable standard of review. In an effort to put the

2. In the same year in which *Markman II* was decided, Justice Stevens expressly classified *Markman II* as a case involving "mixed questions of law and fact." *Gasperini v. Center for Humanities*, 518 U.S. 415, 443 (1996) (Stevens, J., dissenting). Justice Stevens noted that, where such mixed questions are at issue, appellate courts must "construe all record inferences in favor of the factfinder's decision and then . . . determine whether, on the facts as found below, the legal standard has been met." *Id.* (emphasis added, citations omitted).

3. Judge (now Chief Judge) Mayer, though concurring in the judgment, stated that the Federal Circuit's "revisionist reading of precedent to loose claim interpretation from its factual foundations will have profoundly negative consequences." *Id.* at 990 (Mayer, J., concurring in judgment); *see also id.* at 998 (Rader, J., concurring in judgment); *id.* at 999, 1008-10 (Newman, J., dissenting).

question to rest, the Federal Circuit, sitting *en banc* in *Cybor*, ruled that claim construction rulings are subject to de novo review on appeal in all respects, whether or not they are grounded on findings of fact. 138 F.3d at 1456.

Three judges in *Cybor* concurred in the judgment while stating sharp disagreement with the majority's decision to adopt a pure de novo review standard. Chief Judge Mayer pointed out that that standard takes the Federal Circuit beyond the traditional role of a court of review, *Id.* at 1463-64, and "deprives the parties of important substantive and procedural mechanisms provided in the trial courts," *Id.* at 1464; Judge Rader pointed out that *Cybor* destroys the promise of increased uniformity offered by *Markman II* and has the perverse effect of creating more instability, not less, because "a *de novo* review of claim interpretations . . . postpone[s] the point of certainty to the end of the litigation process, at which point, of course, the outcome is certain anyway," *Id.* at 1476; and Judge Newman pointed out that the "unpredictability in administration of the law of patent claiming [created by *de novo* review] . . . add[s] a sporting element to our bench," *Id.* at 1479, by increasing incentives for appeals and devaluing what occurred in the District Court.

Even those judges concurring in the *de novo* approach had some reservations. Judge Plager stated: "Though we review that record *de novo*, meaning without applying a formally deferential standard of review, common sense dictates that the trial judge's view will carry weight." *Cybor*, 138 F.3d 1448, 1462. Judge Plager recognizes the value of the District Court's fact finding purpose in evaluating extrinsic evidence, including experts who are skilled in the art. After all, 35 U.S.C. § 112 requires that the patent claims be construed by one skilled in the art. Not certain that the

Federal Circuit's approach in *Cybor* will prove fruitful, Judge Plager concludes by stating:

> The decision today should help institute a simplified and clarified method by which both trial and appellate courts address claim construction issues, pursuant to the rules established in this court's *Markman I* opinion. Our purpose is to improve the process of patent infringement litigation for the benefit of patentees and their competitors, and ultimately the public. Whether this approach to patent litigation will in the long run prove beneficial remains to be seen. There is every reason to believe it will, and certainly to believe it is better than what we had. *But it may be some time before we have enough experience with "Markman hearings" and with appellate review under the new regime to draw any empirically sound conclusions.* In such circumstances there is much to be said for refraining from premature and argumentative judgments about what it all means, and for allowing sufficient time to actually see how it works. *Id.* at 1463 (emphasis added).

Waner respectfully submits that it is time to rethink the regimen set forth in *Cybor*.

The *Cybor* decision may have settled the issue within the Federal Circuit, but today, more than five years later, *Cybor* remains the subject of sharp criticism, from the trial bench,[4] veteran practitioners in the field of patent

4. *See, e.g., Control Resources, Inc. v. Delta Elecs., Inc.*, 133 F. Supp. 2d 121, 123 (D. Mass. 2001).

litigation,[5] and legal academe.[6] Given the centrality of claim construction to patent litigation following *Markman I*, reversal of the Federal Circuit's *Cybor* decision would promote certainty and finality in patent litigation,[7] and discourage the steadily increasing volume of appeals to the Federal Circuit. This Court has reversed the Federal Circuit before for failing to give due regard to District Court findings on review of mixed questions of fact and law. *See Dennison Mfg. Co. v. Panduit Corp*,. 475 U.S. 809 (1987) (Federal Circuit must adhere to Rule 52(a) when reviewing subsidiary findings of fact in obviousness determination). The Court should take this occasion once again to ensure that the Federal Circuit gives proper deference to District Court findings of fact when reviewing mixed questions.

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5. *See, e.g.*, William C. Rooklidge & Matthew F. Weil, "Judicial Hyperactivity: The Federal Circuit's Discomfort with Its Appellate Role," 15 Berkeley Tech. L.J. 725 (2000); Donald R. Dunner & Howard A. Kwon, "Cybor Corp v. FAS Technologies: The Final Say on Appellate Review of Claim Construction?," 80 J. Pat. & Trademark Off. Soc'y 481 (1998) (calling for a grant of certiorari).

6. *See, e.g.*, John Duffy, "Patent Law and Policy Symposium: Re- Engineering Patent Law: The Challenge of New Technologies: Part I: Administrative Law Issues: On Improving the Legal Process of Claim Interpretation: Administrative Alternatives," 2 Wash. U. J.L. & Pol'y 109, 115-20 (2000).

7. The uncertainty in patent litigation created by the high rate of reversals on claim construction issues is notorious. *See* Ted D. Lee & Michelle Evans, "The Charade: Trying a Patent Case to All 'Three' Juries," 8 Tex. Intell. Prop. L.J. 1, 14 (1999).

### B. The Power of Review that the Federal Circuit Granted to Itself in *Cybor* Conflicts with Well-Established Law Governing Appellate Standards of Review in Federal and State Courts.

In *Markman II*, this Court emphasized the Federal Circuit's special responsibility to maintain the national uniformity of patent law doctrine. There is only one other area of federal law in which appellate courts undertake *de novo* review of facts on appeal. Where facts are so intertwined with certain questions of constitutional law, this Court has on occasion found that plenary review on appeal is warranted. *See New York Times Co. v. Sullivan*, 376 U.S. 254, 285 (1964); *Ornelas v. United States*, 517 U.S. 690, 697 (1996); *Miller v. Fenton*, 474 U.S. 104, 114 (1985); *Bose Corp. v. Consumers Union of United States, Inc.*, 466 U.S. 485, 502 (1984). Even in that special setting, however, there is broad consensus among the circuits that a two-tiered scope of review applies, with the ultimate legal conclusion subject to *de novo* review while findings of fact are reviewed with deference under Rule 52(a).

This Court also pointed out in *Markman II* that claim interpretation decisions ought to be made by judges, not juries, because of the special training judges have in construing documents. 517 U.S. at 388-89. Contract interpretation is the classic scenario in which common law judges call upon their special training in document construction. With impressive unanimity — all forty-nine states to address the question specifically — state appellate courts review the interpretation of contract documents in the same two-tiered manner that the federal circuit courts do in "constitutional fact" cases. Contract interpretation is a matter of law reviewable *de novo* on appeal where the language at

issue is plain and unambiguous, but where the trial court has gone beyond the four corners of the contract to ascertain drafting intent, findings of fact based on extrinsic evidence are reviewed for clear error.

Unquestionably, given this well-settled body of law, *Cybor* is an aberration. It may be that the Federal Circuit has a special duty to declare the law in patent cases, but every federal appellate court — especially this one — has a special responsibility for law declaration in "constitutional fact" cases, and yet in that setting, findings of historical fact are always reviewed with deference. It may also be that the Federal Circuit is just as well positioned as the District Courts to decide issues of claim construction because both trial and appellate judges have equal access to the textual materials that drive that analysis; but the same may be said of all common law appellate courts in garden-variety contract cases, and yet there findings of fact based on extrinsic evidence are always reviewed under a deferential standard. There is nothing about patent claim construction that justifies the Federal Circuit's departure from this traditional approach to appellate review. In fact, it is more critical in patent cases that the Federal Circuit defer to the District Court when extrinsic evidence is needed, since the District Court is in a far superior position to take evidence from those skilled in the art as is required by 35 U.S.C. § 112.

In the end, the *Cybor* doctrine rests on nothing more than the fiction that District Courts merely take extrinsic evidence into account in some sort of provisional way when construing patent claim language and do not actually find facts. *See* 138 F.3d at 1454 (*quoting Markman I*, 52 F.3d at

981). One experienced District Judge cut to the heart of the problem with this rationale:

> When two expert witnesses testify differently as to the meaning of a technical term, the court embraces the view of one, the other, or neither while construing a patent claim as a manner of law, the court has engaged in weighing evidence and making credibility determinations. If those possessed of a higher commission wish to rely on a cold written record and engage in *de novo* review of all claim constructions, that is their privilege. But when the Federal Circuit Court of Appeals states that the trial court does not do something that the trial judge does and must do to perform the judicial function, that court knowingly enters a land of sophistry and fiction.

*Lucas Aerospace, Ltd. v. Unison Industries, L.P.*, 890 F. Supp. 329, 333 n.7 (D. Del. 1995) (Schwartz, J.).

This case starkly confirms Judge Schwartz's observations in *Lucas Aerospace*. The disputed claim term here — "flange" — is a technical term of art, and under the Federal Circuit's own cases, technical terms must be construed through the eyes of skilled artisans. How a skilled artisan would view the meaning of the word "flange" in a particular context is a question of fact. The application of the patent claim language to the facts, as found, is ultimately a question of law; but there can be no denying that questions of fact are necessary to that ultimate inquiry. Clearly, the District Court recognized this, because it assessed the meaning of flange purely in factual terms and entered a detailed set of findings defining it. (App. 21a-41a). This is not to say that the Federal Circuit

cannot review the meaning of terms *de novo* when the intrinsic record is sufficient. However, in this case, it is undisputed that reliance on extrinsic evidence is required.

If this radical approach to the scope of review of claim construction rulings in patent cases is proper, it raises a serious procedural question that the Federal Circuit has not yet shown an inclination to address, after several years of experience with the *Cybor* doctrine. For example, the Federal Circuit has declined to undertake regular review of *Markman* rulings by interlocutory appeal, an approach that could ameliorate the needless waste of resources entailed by a system in which the trial process has no real finality.

## II. Not Remanding The Case For Further Proceedings Consistent With The Federal Circuit's Claim Construction Deprives Waner Of His Right To A Jury Trial And Due Process.

It is beyond dispute that claim construction is perhaps the single most important pre-trial issue in a patent case. The District Court's construction of the claims drives discovery as well as the evidence presented at trial.[8] The plaintiff in a patent case, in an effort to streamline the case, presents evidence relevant to the claims as they are construed. The plaintiff does not present evidence regarding every other possible claim interpretation. In fact, it would be impossible to do so in light of the Federal Circuit's holding in *Exxon Chemical Patents, Inc. v. Lubrizol Corp.*, 64 F.3d 1553 (Fed. Cir. 1995), where the Federal Circuit adopted

8. Arguably, a District Court's claim construction can lead to a speedy resolution of a case if a proper amount of deference can be afforded to the District Court's fact finding as it relates to claim construction.

a claim construction which was not advanced by either party. Arguably, evidence relating to claim construction not adopted by the District Court is inadmissible as not relevant. Therefore, assuming *arguendo* that the Federal Circuit properly construes a claim in manner different than the District Court, the case should be remanded. On remand, the District Court may decide the case on summary judgment if the evidence is insufficient or there is no genuine dispute. However, it is a denial of litigants' right to a jury trial and Due Process for the Federal Circuit to assume that the evidence presented would not have differed in light of the newly construed claims. Therefore, the Federal Circuit can not rely on the settled record for the purposes of a judgment as a matter of law.

## III. Certiorari Should Be Granted Because the District Court And The Federal Circuit Misapplied South Dakota Law.

Waner appeals the District Court's dismissal on summary judgment of his claim for usurpment of an idea — unjust enrichment claim. The District Court's dismissal of Waner's unjust enrichment claim was predicated on the undisputed fact that at the time Waner met with Ford's officials to solve their star crack problem with his liner design, Waner had also been selling his solution to others, thereby not keeping his invention confidential. The District Court erroneously concluded that South Dakota's unjust enrichment law requires that Waner not disclose his idea to anyone. *Id.* The Federal Circuit agreed. Waner respectfully submits that the District Court and the Federal Circuit erred in their formulation of the law of unjust enrichment in South Dakota.

Waner's "Usurpment of an Idea" theory is grounded in the principles of quasi contract and unjust enrichment which are recognized causes of action in South Dakota and other jurisdictions. *Mack v. Mack*, 613 N.W.2d 64, 69 (S.D. 2000); *Parker v. Western Dakota Insurors*, 605 N.W.2d 181, 187 (S.D. 2000). Nothing in South Dakota's version of unjust enrichment/quasi contract law excludes intellectual property matters. The South Dakota Supreme Court explained:

> Unjust enrichment is an equitable doctrine. It occurs "when one confers a benefit upon another who accepts or acquiesces in that benefit, making it inequitable to retain that benefit without paying." *Parker v. Western Dakota Insurors, Inc.*, 605 N.W.2d 181, 187 (S.D. 2000). When unjust enrichment is found, the law implies a contract, which requires the defendant to compensate the plaintiff for the value of the benefit conferred. In order to establish unjust enrichment, three elements must be proven: (1) a benefit was received; (2) the recipient was cognizant of that benefit; and (3) the retention of the benefit without reimbursement would unjustly enrich the recipient.

*Mack*, 613 N.W.2d 64, 69.

In dismissing Waner's unjust enrichment claim, the District Court erroneously relied on *Daktronics, Inc. v. McAfee*, 599 N.W.2d 358 (S.D. 1999). In *Daktronics*, the South Dakota Supreme Court did not address unjust enrichment. Nor did subsequent unjust enrichment cases, *Mack* and *Parker*, cite to *Daktronics* for guidance on unjust enrichment. The South Dakota Supreme Court addressed

three issues in *Daktronics*: Trade Secret claims, *Id.* at 361, Breach of Fiduciary Duty, *Id.* at 363, and Conversion. *Id.* Nowhere in its decision does the South Dakota Supreme Court discuss unjust enrichment. Unjust enrichment is mentioned by the Court as one of the appellant's three issues, *Id.* at 360, but it does not discuss it, other than to state that the Court "considered the other issue raised by appellants, and conclude that it is without merit." *Id.* at 364.

Wâner has set forth sufficient facts to satisfy the requirements of unjust enrichment in South Dakota. In her dissenting opinion, Judge Newman accurately and succinctly set forth the facts in this case:

> The facts as set forth in the majority opinion do not reflect well on the Ford Motor Company. Mr. Waner offered to sell them his idea for fender liners; they were interested; they then told him they were not interested, and proceeded to take his idea and place its embodiment on their vehicles. These facts must be accepted as true for the purposes of summary judgment. Any exculpatory circumstances have not been developed, for the record before us shows simply that Ford took Waner's idea for fender liners, after receiving and evaluating his sample products, and refused to pay for this benefit. If there are mitigating facts favoring Ford (for example, if Ford had already designed and was planning to introduce a similar fender liner, or if Waner had signed a disclaimer of all rights other than patent rights) they do not show on this record. It may be that there are exculpatory circumstances, but that is not the question before us, where the cause was

> summarily dismissed. This is not a case of simply copying an item in the public domain, as in *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 109 S. Ct. 971, 103 L. Ed. 2d 118 (1989), on which the panel majority inaptly relies.

(App. 18a-19a). As Judge Newman correctly observes, the Federal Circuit majority opinion recasts Waner's claim as a trade secret case, and then dismisses it because the liner idea was not kept secret. However, Waner's claim was for unjust enrichment, not trade secret.

The majority opinion is further at odds with its own decision in *The University of Colorado Foundation, Inc. v. American Cyanamid Co.*, 163 F.3d 1366 (Fed. Cir. 1999) where the Federal Circuit recognized a state law claim of unjust enrichment in connection with patent rights under Colorado law. Colorado law on unjust enrichment is identical to South Dakota law. *DCB Constr. Co. v. Central City Dev. Co.*, 965 P.2d 115, 119-20 (Colo. 1998).

## CONCLUSION

Waner respectfully submits that the issues addressed in *Cybor* should be reviewed by this Court. *Cybor* has dramatically changed the landscape of patent litigation. Instead of streamlining litigation, *Cybor* has had the opposite effect. In any case, *Cybor* and its *de novo* review of factual issues related to claim construction violate Rule 52(a) of the federal Rules of Civil Procedure as well as 35 U.S.C. § 112. Accordingly, Waner respectfully requests that this Court grant Certiorari to review the holding in *Cybor*. The Federal Circuit's denial of Waner's right to a jury trial by granting a JMOL without the opportunity to be heard and on the basis of evidence elicited as a result of the Court's claim construction violates the Fifth and Seventh Amendments of the United States Constitution. Finally, this Court should review the Federal Circuit's impermissible transformation of Waner's unjust enrichment claim into a trade secret claim and its misformulation of South Dakota law.

Respectfully submitted,

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